

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2148 - HB 2191**

February 9, 2014

**SUMMARY OF BILL:** Unifies language in existing code to clarify that alcohol sales are prohibited on New Year's Day. Authorizes the sale of alcoholic beverages on Labor Day and the Fourth of July.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Net Impact - \$378,900**

**Increase Local Revenue - \$154,600**

Assumptions:

- Based upon analysis conducted by the Department of Revenue on the daily sales of alcoholic beverages, and assuming a 50 percent increase in daily sales for the two holidays, the increase in taxable sales is estimated to be \$5,615,500 for sales that will occur on the two holidays.
- The state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), local governments receive 4.603 percent of state sales tax revenue as state-shared sales tax revenue.
- Pursuant to Tenn. Code Ann. § 67-6-103(q), no portion of revenue derived from the 0.5 percent sales tax rate increase, from 5.5 percent to 6.0 percent (effective April 1, 1992), or the 1.0 percent sales tax rate increase, from 6.0 percent to 7.0 percent (effective July 15, 2002), shall be distributed to local government.
- The effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617%  $[(5.5\%/7.0\%) \times 4.603\%]$ .
- The net recurring increase in state sales tax revenue is estimated to be \$378,867  $[(\$5,615,500 \times 7.0\%) - (\$5,615,500 \times 7.0\% \times 3.617\%)]$ .

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- The recurring increase in local government sales tax revenue is estimated to be \$154,605  $[(\$5,615,500 \times 2.5\%) + (\$5,615,500 \times 7.0\% \times 3.617\%)]$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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